

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 IO-10 L-02 FRB-03 OMB-01 TAR-01

SP-02 AGR-05 AID-05 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

CEA-01 DODE-00 DOTE-00 FMC-01 CG-00 OFA-01 DLOS-03

AF-06 ARA-06 NEA-09 /101 W  
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R 121953Z MAY 75

FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 7014  
INFO AMEMBASSY ANKARA  
AMEMBASSY ATHENS  
AMEMBASSY BERN  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY CANBERRA  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY HELSINKI  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY MADRID  
AMEMBASSY OSLO  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
AMEMBASSY REYKJAVIK  
AMEMBASSY ROME  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
AMEMBASSY WELLINGTON  
USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: UNLINER CONVENTION

REF: (A) C(74)235

(B) C(75)1

(C) STATE 103206

(D) CES/75.26

(E) CES/75.31

1. SUMMARY: COUNCIL POSTPONED FINAL ACTION ON UN LINER CONVENTION (UNC) QUESTION AFTER HEARING STRONG STATEMENTS FROM DANISH, UK AND US DELS ON NEED FOR CAREFUL CONSIDERATION OF IMPLICATIONS UNC TO AVOID WEAKENING OF POLITICAL COMMITMENT OF OECD MEMBER COUNTRIES TO ECONOMIC COOPERATION AND LIBERALIZATION. DECISION ON UK PROPOSAL (REF D) FOR AD HOC GROUP OF LEGAL EXPERTS POSTPONED. GERMAN AND FRENCH DELS INDICATED THEY IMPRESSED BY SERIOUSNESS OF STATEMENTS GIVEN AT COUNCIL, AND WOULD TRANSMIT THESE TO CAPS FOR REVIEW. ACTION REQUESTED: MISSION SUGGESTS THAT TIME IS RIPE FOR STRONG, BILATERAL APPROACH IN KEY CAPITALS REGARDING DANGEROUS IMPLICATION OF SIGNATURE UNC BY OECD MEMBER COUNTRIES (SEE PARA 7 BELOW). END SUMMARY.

2. DANISH REP MADE EFFECTIVE AND ELOQUENT STATEMENT (CC BEING POUCHED TO WASHINGTON) NOTING THAT UNC ISSUE WILL TEST STRENGTH OF COMMITMENT OF OECD COUNTRIES TO ECONOMIC COOPERATION AND LIBERALIZATION GOALS OF OECD CONVENTION AND URGING COUNTRIES NOT TAKE ACTION (SIGNING UNC) WHICH WOULD RESULT IN MAJOR ECONOMIC DAMAGE TO OTHER OECD MEMBERS. NOTED THAT IN LONG RUN, IMPOSITION OF RESTRICTIVE CONDITIONS OF UNC WOULD HURT EVEN THOSE COUNTRIES NOW FAVORING UNC BY INTRODUCING INCREASED COSTS AND INEFFICIENCIES INTO WORLD SHIPPING INDUSTRY.

3. UK DEL SUPPORTED DANISH STATEMENT AND INDICATED HIS LIMITED OFFICIAL USE

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GOVERNMENT HAS OBTAINED LEGAL VIEW THAT UNC WILL REQUIRE IMPLEMENTATION OF RESTRICTIONS WHICH WOULD CONFLICT WITH OECD INVISIBLES CODE. THUS LEGAL QUESTION OF CONFLICT MUST BE SETTLED BY COUNCIL BEFORE ANY OECD MEMBERS ADHERE TO UNC. UK DEL ALSO DISTRIBUTED LIST OF LEGAL QUESTIONS CONCERNING UNC WHICH ARE AS YET UNANSWERED (CC BEING POUCHED TO WASHINGTON).

4. US REP STRONGLY SUPPORTED DANISH INTERVENTION AND  
GENERAL THRUST OF UK STATEMENT, INDICATING THAT KEY  
ISSUE IS ONE OF POLITICAL COMMITMENT TO GOALS OF  
LIBERALIZATION WITHIN OECD, AND THAT ACCEPTANCE UNC  
WOULD BE MOVE IN OPPOSITE DIRECTION.

5. SINCE UK PROPOSAL FOR AD HOC LEGAL GROUP WAS LEFT ON  
COUNCIL AGENDA FOR FURTHER CONSIDERATION AT LATER DATE,  
US DEL POSTPONED INTRODUCING AT COUNCIL LEVEL OUR PRO-  
POSAL FOR APPROACH TO UN FOR CLARIFICATION OF MANDATORY  
NATURE UNC. WHILE SUCH REQUEST WOULD BE DEFEATED IN

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INFO OCT-01 EA-06 ISO-00 IO-10 L-02 FRB-03 OMB-01 TAR-01

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AF-06 ARA-06 NEA-09 /101 W

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R 121953Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 7015

INFO AMEMBASSY ANKARA

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COUNCIL (AT LEAST THREE MEMBERS WOULD VOTE AGAINST IT-- AUSTRALIA, PORTUGAL, SPAIN), WE STILL INTEND TO MAKE FORMAL REQUEST AFTER FINAL DETERMINATION OF UK PROPOSAL. IN ADDITION, WE WILL ALSO PROPOSE THAT OECD LEGAL SERVICE PROVIDE COUNCIL WITH ITS OWN JUDGMENT CONCERNING QUESTION OF COMPATABILITY BETWEEN UNC AND OECD CODE. ALTHOUGH BOTH PROPOSALS ARE EXPECTED TO BE DEFEATED IN COUNCIL, THEY SHOULD HELP TO CONTINUE DISCUSSION UNC QUESTION AT COUNCIL LEVEL (PER REF C) AND THEREBY HELP TO ASSURE THAT OECD MEMBER GOVERNMENTS FOCUS ON ISSUE AT HIGHEST LEVELS.

6. AFTER HEARING DISCUSSION IN COUNCIL, GERMAN AND FRENCH DELS INDICATED THEY WOULD PASS ON TO THEIR AUTHORITIES THE DEEP CONCERN FELT BY A NUMBER OF OECD MEMBER COUNTRIES ON THIS ISSUE, SO THAT THESE WOULD BE TAKEN INTO ACCOUNT IN REVIEWING POSITIONS ON UNC; GERMAN PERMREP EXPLICITLY STATED SUCH REVIEW AT HIGH LEVEL ALREADY PLANNED.

7. IN VIEW OF THIS RESULT, MISSION BELIEVES IT IMPORTANT THAT BILATERAL CONTACTS BE MADE IN KEY CAPITALS (BONN, PARIS, BRUSSELS, THE HAGUE, ROME, OTTAWA, TOKYO) TO STRESS US CONCERN OVER IMPLICATIONS OF UNC FOR OECD MEMBER COUNTRIES. BILATERAL DISCUSSIONS WOULD ALSO SEEM USEFUL WITH AUSTRALIA AND NEW ZEALAND SINCE BOTH INDICATED IN COUNCIL THAT THEY HAVE NOT RECEIVED FINAL INSTRUCTIONS, AS WELL AS WITH SPAIN AND TURKEY. DEMARCHES SHOULD STRESS (A) DAMAGE WHICH WOULD BE DONE TO ECONOMIC COOPERATION AMONG OECD COUNTRIES IN INTRO-

DUCING NEW RESTRICTIVE MEASURE ON WORLDWIDE BASIS, WHICH  
RESTRICTIONS MIGHT ALSO BECOME PRECEDENT FOR OTHER  
RESTRICTIVE MEASURES AND (B) CLEAR POSSIBILITY OF  
CONFLICT BETWEEN UNC AND COMMITMENTS UNDER OECD  
IRVISIBLES CODE. RECOMMEND STRESS ALSO BE GIVEN TO  
DESIRABILITY OF FINDING OTHER WAYS OF SATISFYING LEGI-  
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TIME DESIRES OF AUSTRALIA (AND OTHERS) TO CARRY SOME-  
WHAT LARGER PORTION THEIR OWN FOREIGN TRADE WITHOUT  
DOING SO BY INTRODUCING NEW RESTRICTIONS TO FREE  
COMPETITION AMONG OECD MEMBER COUNTRIES.

8. CONTACTS WITH OTHER ANTI-UNC COUNTRIES TO SUGGEST  
DEMARCHES TO UNCTAD TO REQUEST LEGAL CLARIFICATION  
MANDATORY NATURE OF UNC SHOULD PROBABLY BE POSTPONED  
UNTIL OUTCOME OF PRESENT PROPOSALS BEFORE COUNCIL  
THIS ISSUE IS KNOWN.

9. NO DATE HAS YET BEEN SET FOR NEXT COUNCIL  
CONSIDERATION OF UNC QUESTION.  
TURNER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 12 MAY 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Errors:** N/A  
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**Original Previous Classification:** n/a  
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**Reference:** 75 C(735  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
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